COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF KENTUCKY UTILITIES COMPANY FROM NOVEMBER 1, 2004 TO OCTOBER 31, 2006	))))	CASE NO. 2006-00509
AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS AND ELECTRIC COMPANY FROM NOVEMBER 1, 2004 TO OCTOBER 31, 2006	)))))	CASE NO. 2006-00510

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky Industrial Utility Customers, Inc. ("KIUC") file the original and 5 copies of the following information with the Commission, with a copy to all parties of record. The information requested herein is due on or before April 19, 2007. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Kentucky Utilities Company's and Louisville Gas and Electric Company's (the "Companies") February 23, 2007 Responses to Item 1 of KIUC's Data Request. The Companies state that no MISO Day 2 charges or revenues were included in the calculation of the fuel adjustment clause ("FAC"), with the exception of the Locational Marginal Price for purchases from MISO included in After-the-Fact Billing ("AFB").

a. Explain KIUC's understanding of the Companies' AFB process.

b. Describe with specificity any concerns that KIUC has over MISO charges or revenues other than Day 2 charges or revenues.

2. Refer to the Companies' February 23, 2007 Responses to Item 4 of KIUC's Data Request. The Companies state that they "continued to use the AFB system for stacking resources for FAC purposes. To the extent that resources were stacked to native load, the fuel cost was included in the FAC."

a. Does KIUC interpret the responses to mean that only costs of generation for native load were included in the FAC and therefore MISO make-whole payments should not be credited to the FAC?

b. If the answer to Item 2(a) above is "yes," does KIUC agree or disagree with the Companies' position? Explain.

c. If the answer to Item 2(a) above is "no," describe with specificity KIUC's interpretation of the Companies' responses.

3. Refer to the Companies' February 23, 2007 Responses to Item 5 of KIUC's Data Request. The responses state that to require the Companies to pass along one type of revenue without consideration of the other Day 2 MISO-related revenues and expenses would clearly violate the Commission's prohibition against single issue rate-making. Does KIUC agree or disagree with the Companies' statement? Explain.

4. Refer to pages 10-11 of the Direct Testimony and Exhibits of Stephen J. Baron filed March 23, 2007 ("Baron Testimony"). Mr. Baron states that as part of their response to KIUC Item 2, the Companies attached a summary schedule that computes the amount of make-whole revenues each month associated with generating units whose costs exceed market prices.

a. Does KIUC agree with the Companies that the MISO costs and revenues provided in the summary schedule are still subject to ongoing settlement and resettlement processes and as a result the estimates in the summary schedule are subject to change? Explain.

b. Does KIUC agree that the summary schedule does not include costs and revenues associated with MISO's Real Time and Day Ahead Power Markets? Explain.

5. If it is determined that a portion of the MISO make-whole revenues should be credited to the customers, but that the correct amount of the credit will not be known until the ongoing settlement and resettlement processes are completed, provide KIUC's position on crediting the customers outside the FAC thereby allowing the FAC roll-in to occur without the potential of an unknown period of delay.

6. Refer to page 16 of the Baron Testimony. Mr. Baron states that the Companies received a total of $29.6 million in make-whole payments associated with native load, while paying a total of $13.8 million in native load related distribution costs, resulting in a net amount of $15.8 million. On page 5 of the Baron Testimony, Mr. Baron recommends a total combined disallowance for the Companies of $5,584,489. Explain why Mr. Baron is not recommending recovery of the net amount of $15.8 million.

Beth O'Donnell
Executive Director
Public Service Commission
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DATED ___April 4, 2007___

cc: All Parties